

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-323

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/09/17 **Filing Description:** Amendments to the Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract to Convert From American- to European-Style Exercise and Temporary Suspension of Trading

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected: Options on the MXN/USD Futures Contract

Rule Numbers: CME Rule 256A03.A.

August 9, 2017

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding the Amendments to the Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract to Convert from American- to European-Style Exercise and Temporary Suspension of Trading. CME Submission No. 17-323

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to Rule 256A03.A. ("Exercise of Option by Buyer") to change the exercise style of the Options on the Mexican Peso/US Dollar ("MXN/USD") Futures contract listed in Appendix A attached (the "Contracts") from American- to European-style exercise effective Sunday, August 27, 2017 for trade date Monday, August 28, 2017 commencing with the January 2018 options and beyond. In addition, and with the exception of contact months with open interest, the Exchange will immediately suspend trading of the Contracts temporarily until Sunday, August 27, 2017 for trade date Monday, August 28, 2017 (collectively, the "Rule Amendments").

Appendix A provides the commodity codes for the options on the MXN/USD futures contract that CME will convert from American- to European-style exercise on the said effective date of this submission. Appendix B provides amendments to Rule 256A03.A. in blackline format to reflect amendments effective from August 28, 2017 through December 31, 2017 as well as the amendments to Rule 256A03.A. effective on January 1, 2018. Appendix C (attached under separate cover) provides the Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (the "Table") in blackline format from August 28, 2017 through December 31, 2017. Appendix D (also attached under separate cover) provides the Table in blackline format commencing on January 1, 2018.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with the Rules:** Trading in the Contracts following conversion to European-style exercise will continue to be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in the Contracts following conversion will continue to be subject to the Exchange's trade practice rules, the majority of which are contained in Chapters 5 and 8 of the CME Rulebook. As with all products listed for trading on one of

- CME Group's designated contract markets, trading activity in the Contracts following conversion will continue to be subject to monitoring and surveillance by CME Group's Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts not Readily Subject to Manipulation:** Due to the large underlying and well established cash markets for the Mexican peso currency, the Contracts following conversion to European-style exercise will continue to comply with this Core Principle. The cash market for the Mexican peso is highly liquid and transparent.
- **Prevention of Market Disruption:** Trading in the Contracts following conversion to European-style exercise will continue to be subject to the rulebook of the CME designated contract market, which includes prohibitions on manipulation, price distortion, and disruption to the physical delivery process. As with any product listed for trading on a CME Group designated contract market, trading activity in the Contracts following conversion will continue to be subject to monitoring and surveillance by CME Group's Market Regulation Department.
- **Position Limitations or Accountability:** The spot month position limit (45,000 futures-equivalent contracts), single month position accountability (6,000), all months position accountability (6,000), and reportable limits (25) for the Contracts will remain unchanged following conversion to European-style exercise. These position limits/accountability for the Contracts following conversion as demonstrated in this submission are consistent with the Commission's official guidance. CME updated the cash market analysis of the Contracts following conversion. As a basis for providing a uniform and methodical cash market analysis of the position limits/accountability for the Contracts following conversion, CME adopted three (3) metrics to frame its analysis quantitatively.

First, CME defines the deliverable grade for the Contracts following conversion as equal to the M1 money stock of the Mexican peso, the notional currency of United Mexican States. In general terms, M1 money supply of the Mexican peso consists of currency in circulation plus demand deposits, such as checking and savings accounts. This measure is the narrowest and most conservative definition of Mexico's deliverable currency stock available on a spot market basis and is readily available from the Federal Reserve Economic Database of the Federal Reserve Bank of St. Louis.

Second, CME generally sets the spot/single month position limits/accountability for the Contracts following conversion at approximately one percent of the median M1 money supply of the Mexican peso for the most current trailing 36-month period. The Exchange believes one percent is a reasonable level and consistent with the Commission's guidance.

Third, CME generally sets the all month position limits/accountability for the Contracts following conversion at approximately two percent of the median M1 money supply of the Mexican peso for the most current trailing 36-month period. The Exchange believes two percent is a conservative level as it is consistent with the Commission's guidance.

Appendix C highlights the changes to the Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover) in blackline format as a result of converting the Contracts from American to European-style exercise.

Appendix D summarizes the revised cash market analysis for the Contracts following conversion. This analysis shows that spot/single month position limits/accountability and the all months position limits/accountability for the Contracts following conversion are well below one and two percent, respectively, of the median M1 money supply of the Mexican peso for the most current trailing 36-month period. This analysis confirms that the position limits/accountability for the Contracts following

conversion continue to be compliant with Core Principle 3 and that the Contracts remain “not readily subject to manipulation.”

- **Availability of General Information:** The Exchange will release a Special Executive Report (“SER”) regarding the actions described herein. The SER will also be posted on the CME Group website.
- **Daily Publication of Trading Information:** CME will continue to publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts following conversion to European-style exercise.
- **Execution of Transactions:** The Contracts following conversion to European-style exercise will continue to be listed for trading on the CME trading floor and the CME Globex electronic trading platform. These trading venues provide for competitive and open execution of transactions. The CME trading floor and CME Globex afford, moreover, the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contracts following conversion to European-style exercise will be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contracts:** The Contracts following conversion to European-style exercise will continue to be cleared by CME Clearing, which is registered with the CFTC as a derivatives clearing organization, and which is subject to all Commission regulations related thereto.
- **Protection of Market Participants:** CME Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange’s competitive trading venues and will continue to apply to transactions in the Contracts following conversion to European-style exercise.
- **Disciplinary Procedures:** CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contracts following conversion to European-style exercise will continue to be subject to these provisions. The Market Regulation Department has the authority to exercise its powers of enforcement if rule violations in the Contracts following conversion are identified.
- **Dispute Resolution:** Disputes with respect to the Contracts following conversion to European-style exercise will continue to be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit claims for financial losses resulting from transactions on the Exchange to arbitration. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

As of this filing, there is open interest in the May 2018 contract month. The Exchange has obtained unanimous written consent of the open interest holders to implement the Rule Amendments.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME hereby certifies that the Rule Amendments comply with the Act, including the regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:

- Appendix A – Commodity Codes for European-Style Exercise Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract
- Appendix B – CME Rulebook Amendments for European-Style Exercise Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract (blackline format) - (Effective on August 28, 2017 to December 31, 2017 and Effective on January 1, 2018)
- Appendix C – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover) (Effective on August 28, 2017 to December 31, 2017)
- Appendix D – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover) (Effective on January 1, 2018)
- Appendix E – Final Expiry Calendar for Existing American-Style Exercise Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract
- Appendix F – Cash Market Analysis Summary for European-Style Exercise Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract

Appendix A

Commodity Codes for European-Style Exercise Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract

Contract	Commodity Code	CME Rulebook Chapter
Option on Mexican Peso/US Dollar (MXN/USD) Futures	CME Globex: 6M	256A
	CME ClearPort: MP	
	Open Outcry: MO	
	Weekly CME Globex: 1M-5M	
	Weekly CME ClearPort: 1M-5M	
Weekly Open Outcry: 1M-5M		

Footnote:

Effective Sunday, August 27, 2017 for trade date Monday, August 28, 2017, CME will convert options on the Mexican Peso/US Dollar ("MXN/USD") futures contract from American- to European-style exercise starting with the January 2018 option contract month.

Appendix B

CME Rulebook

Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract

(Additions are underlined; deletions are ~~struck through~~.)

Chapter 256A

Options on Mexican Peso/U.S. Dollar ("MXN/USD") Futures (Effective August 28, 2017 through December 31, 2017)

256A03. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Mexican peso/U.S. dollar futures.

256A03.A. Exercise of Option by Buyer

(FOR ALL OPTIONS UP TO AND INCLUDING DECEMBER 2017 OPTIONS)

An option may be exercised by the buyer on any Business Day that the option is traded. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on any day of exercise except on the termination of trading day.

All Mexican peso/U.S. dollar options that are in the money and have not been liquidated or exercised prior to the termination of trading, shall be exercised automatically. An option is in-the-money if the settlement price of the underlying futures contract at termination lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

(FOR ALL OPTIONS COMMENCING WITH JANUARY 2018 OPTIONS AND BEYOND)

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. An option is in-the-money if the settlement price of the underlying futures contract at termination lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Appendix B (continued)

Chapter 256A Options on Mexican Peso/U.S. Dollar (“MXN/USD”) Futures (Effective January 1, 2018)

256A03. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Mexican peso/U.S. dollar futures.

256A03.A. Exercise of Option by Buyer

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. An option is in-the-money if the settlement price of the underlying futures contract at termination lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Appendix C

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5

of the CME Rulebook

(attached under separate cover)

(Effective from August 28, 2017 through December 31, 2017)

Appendix D

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5

of the CME Rulebook

(attached under separate cover)

(Effective on January 1, 2018)

Appendix E

Final Expiry Calendar for Existing American-Style Exercise Options on the Mexican Peso/US Dollar (“MXN/USD”) Futures Contract

Contract Month	W / M / Q	Underlying Futures Expiry	First Trade Date	Last Trade Date
201708W3	Weekly	201709	7/17/17	8/18/2017
201708W4	Weekly	201709	7/24/17	8/25/2017
201709W1	Weekly	201709	7/31/17	9/1/2017
201709	Quarterly	201709	9/12/16	9/8/2017
201709W3	Weekly	201712	8/14/17	9/15/2017
201709W4	Weekly	201712	8/21/17	9/22/2017
201709W5	Weekly	201712	8/28/17	9/29/2017
201710	Monthly	201712	10/10/16	10/6/2017
201710W2	Weekly	201712	9/4/17	10/13/2017
201710W3	Weekly	201712	9/18/17	10/20/2017
201710W4	Weekly	201712	9/25/17	10/27/2017
201711	Monthly	201712	11/7/16	11/3/2017
201711W2	Weekly	201712	10/2/17	11/10/2017
201711W3	Weekly	201712	10/16/17	11/17/2017
201711W4	Weekly	201712	10/23/17	11/24/2017
201712W1	Weekly	201712	10/30/17	12/1/2017
201712	Quarterly	201712	12/12/16	12/8/2017
201712W3	Weekly	201803	11/13/2017	12/15/2017
201712W4	Weekly	201803	11/20/2017	12/22/2017
201712W5	Weekly	201803	11/27/2017	12/29/2017

Appendix F

Cash Market Analysis Summary for European-Style Exercise Options on the Mexican Peso/US Dollar ("MXN/USD") Futures Contract

	Mexican Peso/U.S. Dollar (MXN/USD) Options			
	Spot Month Limit	Single Month Accountability	All Months Accountability	Reportable Limit
Number of Contracts	45,000	6,000	6,000	25
Maximum:	0.90%	0.12%	0.12%	---
75th Percentile:	0.78%	0.10%	0.10%	---
Median:	0.72%	0.10%	0.10%	---
25th Percentile:	0.65%	0.09%	0.09%	---
Minimum:	0.58%	0.08%	0.08%	---

Spot Month / Single Month percentages are relative to M1 money stock. CME Group generally sets these percentages at approximately one percent.

All Months percentages are relative to M1 money stock. CME Group generally sets these percentages at approximately two percent.